

(g) If a corporation's federal tax exemption is withdrawn by the Internal Revenue Service for failure of the corporation to qualify or maintain its qualification for the exemption, the corporation's exemption under this section ends on the effective date of that withdrawal by the Internal Revenue Service. The effective date of the withdrawal is considered the corporation's beginning date for purposes of determining the corporation's privilege periods and for all other purposes of this chapter.

SECTION 7. Section 171.204, Tax Code, is amended by adding Subsection (d) to read as follows:

*(d) The comptroller may require a taxable entity on which the tax imposed under this chapter is not imposed solely because of the application of Section 171.001(d) to file an information report stating the taxable entity's beginning date as determined under Section 171.0001(4)(B) and any other information the comptroller determines necessary. The comptroller may not require the taxable entity to report or compute its margin.*

SECTION 8. Subchapter A, Chapter 12, Business Organizations Code, is amended by adding Section 12.005 to read as follows:

*Sec. 12.005. FEE WAIVER FOR NEW VETERAN-OWNED BUSINESS. The secretary of state shall waive all fees imposed under Subchapter D, Chapter 4, for an entity that is a new veteran-owned business as defined by Section 171.0005, Tax Code, until the earlier of:*

- (1) the fifth anniversary of the date on which the entity was formed; or*
- (2) the date the entity ceases to qualify as a new veteran-owned business as defined by Section 171.0005, Tax Code.*

SECTION 9. Effective January 1, 2020, the following sections are repealed:

- (1) Section 171.0005, Tax Code;
- (2) Section 171.001(d), Tax Code;
- (3) Section 171.204(d), Tax Code; and
- (4) Section 12.005, Business Organizations Code.

SECTION 10. The changes in law made by this Act that take effect January 1, 2020, do not apply to a business that first qualifies before that date as a new veteran-owned business as defined by Section 171.0005, Tax Code, as that section exists immediately before that date. A business that first qualifies before January 1, 2020, as a new veteran-owned business is governed by the law in effect immediately before that date, and that law is continued in effect for that purpose.

SECTION 11. Except as otherwise provided by this Act, this Act takes effect January 1, 2016.

Passed the Senate on May 4, 2015: Yeas 27, Nays 4; passed the House on May 26, 2015: Yeas 123, Nays 17, two present not voting.

Approved June 4, 2015.

Effective January 1, 2016, except as otherwise provided by this Act.

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**TEXAS MILITARY PREPAREDNESS COMMISSION AND  
STRATEGIC PLANNING REGARDING MILITARY BASES AND  
DEFENSE INSTALLATIONS**

**CHAPTER 330**

S.B. No. 1358

**AN ACT**

**relating to the Texas Military Preparedness Commission and strategic planning  
regarding military bases and defense installations.**

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Section 436.002, Government Code, is amended to read as follows:

Sec. 436.002. COMMISSION. The commission is *attached for administrative purposes to [within] the office of the governor [and shall report to the executive director of the office].*

SECTION 2. Section 436.0561(b), Government Code, is amended to read as follows:

(b) The training program must provide the person with information regarding:

- (1) the legislation that created the commission;
- (2) the programs, functions, rules, and budget of the commission;
- (3) the results of the most recent formal audit of the commission;
- (4) the requirements of laws relating to open meetings, public information, administrative procedure, and conflicts of interest; and
- (5) any applicable ethics policies adopted by ~~[the office,]~~ the commission~~[,]~~ or the Texas Ethics Commission.

SECTION 3. Section 436.057, Government Code, is amended by adding Subsection (b) and amending Subsection (c) to read as follows:

*(b) The director shall hire at least one full-time employee who is knowledgeable about or has experience with military installations.*

*(c) The director may hire other [governor shall determine the] staff within the guidelines established by [for] the commission.*

SECTION 4. The heading to Section 436.105, Government Code, is amended to read as follows:

Sec. 436.105. MILITARY BASE REALIGNMENT AND CLOSURE TASK FORCE;  
*EXPIRATION DATE.*

SECTION 5. Section 436.105, Government Code, is amended by adding Subsections (b-1) and (d) to read as follows:

*(b-1) A member of the task force is entitled to reimbursement for travel expenses.*

*(d) The task force is abolished and this section expires September 1, 2019.*

SECTION 6. Section 436.152(d), Government Code, is amended to read as follows:

(d) The commission shall refer the defense community to the appropriate state agency that has an existing program to provide financing for each project identified in the community's military base or defense facility value enhancement statement that adds military or defense value to a military base or defense facility. If there is no existing program to finance a project, the *commission [office]* may provide a loan of financial assistance to the defense community for the project.

SECTION 7. Sections 436.153(a) through (g), Government Code, are amended to read as follows:

(a) The *commission [office]* may provide a loan of financial assistance to a defense community for a project that will enhance the military or defense value of a military base or defense facility located in, near, or adjacent to the defense community. The loan shall be made from the Texas military value revolving loan account established under Section 436.156.

(b) On receiving an application for a loan under this section, the *commission [office]* shall confirm ~~[with the commission]~~ that the project adds military or defense value to the military base or defense facility.

(c) If the commission determines that a project will enhance the military or defense value of the military base or defense facility, the *commission [office]* shall, in accordance with the criteria adopted by the *commission [office]* under Section 436.154(a):

- (1) analyze the creditworthiness of the defense community to determine the defense community's ability to repay the loan; and

(2) evaluate the feasibility of the project to be financed to ensure that the defense community has pledged a source of revenue or taxes sufficient to repay the loan for the project.

(d) If the commission confirms that the funds will be used to enhance the military or defense value of the military base or defense facility based on the base realignment and closure criteria, to overcome an action of the United States Department of Defense that will negatively impact the military base or defense facility, or for the recruitment or retention of a defense facility and the *commission [office]* determines that the project is financially feasible, the *commission [executive director of the office]* may award a loan to the defense community for the project. The *commission [office]* shall enter into a written agreement with a defense community that is awarded a loan. The agreement must contain the terms and conditions of the loan, including the loan repayment requirements.

(e) The *commission [office]* shall notify the Texas Public Finance Authority of the amount of the loan and the recipient of the loan and request the authority to issue general obligation bonds in an amount necessary to fund the loan. The *commission [office]* and the authority shall determine the amount and time of a bond issue to best provide funds for one or multiple loans.

(f) The *commission [office]* shall administer the loans to ensure full repayment of the general obligation bonds issued to finance the project.

(g) The *commission [office]* may provide a loan only for a project that is included in the political subdivision's statement under Section 397.002, Local Government Code, or to prepare a comprehensive defense installation and community strategic impact plan under Section 397.003, Local Government Code.

SECTION 8. Sections 436.1531(a), (c), (d), (e), and (f), Government Code, are amended to read as follows:

(a) The *commission [office]* may provide a loan of financial assistance to a defense community for an economic development project that minimizes the negative effects of a defense base reduction on the defense community as a result of a United States Department of Defense base realignment process that occurs during 2005 or later. The loan shall be made from the Texas military value revolving loan account established under Section 436.156.

(c) If the commission determines that a project will reduce the negative effects of a defense base reduction on the defense community, the *commission [office]* shall:

(1) analyze the creditworthiness of the defense community to determine the defense community's ability to repay the loan; and

(2) evaluate the feasibility of the project to be financed to ensure that the defense community has pledged a source of revenue or taxes sufficient to repay the loan for the project.

(d) If the *commission [office]* determines that the funds will be used to finance an economic development project that will reduce the negative effects of a defense base reduction on the defense community and that the project is financially feasible, the *commission [office]* may award a loan to the defense community for the project. The *commission [office]* shall enter into a written agreement with a defense community that is awarded a loan. The agreement must contain the terms and conditions of the loan, including the loan repayment requirements.

(e) The *commission [office]* shall notify the Texas Public Finance Authority of the amount of the loan and the recipient of the loan and request the authority to issue general obligation bonds in an amount necessary to fund the loan. The *commission [office]* and the authority shall determine the amount and time of a bond issue to best provide funds for one or multiple loans.

(f) The *commission [office]* shall administer the loans to ensure full repayment of the general obligation bonds issued to finance the project.

SECTION 9. Sections 436.1532(a), (c), (d), (e), and (f), Government Code, are amended to read as follows:

(a) The *commission [office]* may provide a loan of financial assistance to a defense community for an infrastructure project to accommodate new or expanded military missions assigned to a military base or defense facility located in, near, or adjacent to the defense community as a result of a United States Department of Defense base realignment process that occurs during 2005 or later. The loan shall be made from the Texas military value revolving loan account established under Section 436.156.

(c) If the commission determines that the project will assist the defense community in accommodating the new or expanded military missions that are assigned to the military facility, the *commission [office]* shall:

(1) analyze the creditworthiness of the defense community to determine the defense community's ability to repay the loan; and

(2) evaluate the feasibility of the project to be financed to ensure that the defense community has pledged a source of revenue or taxes sufficient to repay the loan for the project.

(d) If the commission determines that the funds will be used to finance an infrastructure project to accommodate new or expanded military missions assigned to the military facility located in, near, or adjacent to the defense community and the *commission [office]* determines that the project is financially feasible, the *commission [office]* may award a loan to the defense community for the project. The *commission [office]* shall enter into a written agreement with a defense community that is awarded a loan. The agreement must contain the terms and conditions of the loan, including the loan repayment requirements.

(e) The *commission [office]* shall notify the Texas Public Finance Authority of the amount of the loan and the recipient of the loan and request the authority to issue general obligation bonds in an amount necessary to fund the loan. The *commission [office]* and the authority shall determine the amount and time of a bond issue to best provide funds for one or multiple loans.

(f) The *commission [office]* shall administer the loans to ensure full repayment of the general obligation bonds issued to finance the project.

SECTION 10. Section 436.154, Government Code, is amended to read as follows:

Sec. 436.154. LOAN PROCESS. (a) The *commission [office]* shall adopt rules, in consultation with the Texas Public Finance Authority, that contain the criteria for evaluating the credit of a loan applicant and the financial feasibility of a project. The *commission [office]* shall also adopt a loan application form. The application form may include:

(1) the name of the defense community and its principal officers;

(2) the total cost of the project;

(3) the amount of state financial assistance requested;

(4) the plan for repaying the loan; and

(5) any other information the *commission [office]* requires to perform its duties and to protect the public interest.

(b) The *commission [office]* may not accept an application for a loan from the Texas military value revolving loan account unless the application is submitted in affidavit form by the officials of the defense community. The *commission [office]* shall prescribe the affidavit form.

SECTION 11. Section 436.156(c), Government Code, is amended to read as follows:

(c) The *commission [office]* shall deposit to the credit of the account all loan payments made by a political subdivision for a loan under Section 436.153, 436.1531, or 436.1532. The loan payments shall be used to reimburse the general revenue fund for money appropriated to pay the principal, premium if any, and interest on the bonds issued under Section 436.158. If loan payments exceed the amounts required for reimbursement, the excess shall first be applied to reimburse the expenses of administering the program and secondly deposited to the credit of the Texas military value revolving loan account to fund subsequent loans.

SECTION 12. Sections 436.202(b) and (c), Government Code, are amended to read as follows:

(b) The commission may not make a grant for an amount less than \$50,000 or an amount more than the lesser of:

- (1) 50 percent of the amount of matching money or investment that the local governmental entity is required to provide, subject to Subsection (c);
- (2) 50 percent of the local governmental entity's investment for purposes described by Section 436.203 if federal assistance is unavailable; or
- (3) \$5 [\$2] million.

(c) If the local governmental entity demonstrates to the commission that, because of a limited budget, the entity lacks the resources necessary to provide 50 percent of the amount of matching money or investment that the entity is required to provide, the commission may make a grant in an amount of not more than 80 percent of the amount of that matching money or investment requirement but may not make a grant in an amount that exceeds \$5 [\$2] million.

SECTION 13. Section 436.204(b), Government Code, is amended to read as follows:

(b) The *commission* [office] may assist a local governmental entity in applying for a grant under this chapter.

SECTION 14. Section 481.502(a), Government Code, is amended to read as follows:

(a) The office *and the Texas Military Preparedness Commission* shall assist defense communities in obtaining financing for economic development projects that seek to address future realignment or closure of a defense base that is in, adjacent to, or near the defense community. The office shall refer the defense community to:

- (1) a local economic development corporation created under the Development Corporation Act (Subtitle C1, Title 12, Local Government Code) for possible financing; or
- (2) an appropriate state agency that has an existing program to provide financing for the project, including:
  - (A) the Texas Water Development Board; or
  - (B) the Texas Department of Transportation.

SECTION 15. Section 436.001(5), Government Code, is repealed.

SECTION 16. A rule, policy, procedure, or decision of the Texas Economic Development and Tourism Office with respect to functions that are transferred under this Act to the Texas Military Preparedness Commission continues in effect as a rule, policy, procedure, or decision of the Texas Military Preparedness Commission until superseded by an act of that commission.

SECTION 17. This Act takes effect September 1, 2015.

Passed the Senate on April 30, 2015: Yeas 31, Nays 0; passed the House on May 22, 2015: Yeas 139, Nays 1, two present not voting.

Approved June 4, 2015.

Effective September 1, 2015.

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## EMPLOYEES RETIREMENT SYSTEM OF TEXAS

### CHAPTER 331

H.B. No. 9

AN ACT

relating to the Employees Retirement System of Texas.